

January 18, 2013

MT Legislature--House Appropriation Committee
RE: LCCF01 Provider Rate Increase

Representative Duane Ankney, Chairman:

I am here to speak on behalf of the Montana Children's Initiative (MCI) is an association of children's mental health providers across the state providing services to children and families. Services include community and in patient services for children and families: Outpatient Therapy, Assessment and Evaluation, Case Management, School Based Mental Health, In-Home Family Services, Therapeutic Foster Care (changing to be called Home Support Services), Wraparound (formerly referred to as PRTF-Waiver and now called Montana I-Home), Community Group Homes, and Psychiatric Residential Treatment Centers. Services are provided in communities across Montana to vulnerable children and families at every level of care. We support communities not only by taking care of their most high risk children, but also employ many staff in a variety of communities impacting the economy in each of these areas.

I also represent my organization, Intermountain, which has been providing care and services to children and families for over 100 years. Services provided currently range from Residential to Outpatient Community Based services. We served over 1000 children and their families in many communities across Montana in 2012. Intermountain also employs over 200 staff in order to provide these services.

I would like to thank the CFHHS Interim Committee for taking the time to hear and understand the impacts of a lack of rate increases over the past years for providers during their interim committee meetings. I would also like to thank Representative Pease-Lopez for sponsoring this bill and her continued support of Montana's children and families.

You have just heard about the fiscal impact of decreasing and flat rates to providers across Montana from Mr. Birnbaum from Youth Homes. I would like to tell you what those numbers mean to an organization like mine in reality. In FY13, Intermountain needed to fundraise \$2.5 million of our \$11 million dollar budget in a limited demographic environment. Mr. Birnbaum refers to the impact of losing COLA since 1995 at \$25,000 per child in a group home or \$150,000 for a 6 bed facility and \$200,000 for an 8-bed. Here are a few examples of what this impact looks like in our organization:

- **No Cost of Living Raise.** Intermountain hasn't offered a staff Cost of Living Raise to our employees since 2008. This makes it very difficult to retain staff. For our direct care positions, we are competing with Wal-Mart and Costco. It is much less emotionally demanding and draining to work for these companies for the same amount of money and a better offering of benefits.
- **Reduction in benefits.** For the past 6 years Intermountain has had to increasingly pass the cost of health insurance to our employees. Additionally, we offer a pension program to our staff. This has become more and more difficult to afford. Since FY10, the fees associated with this and Intermountain's contribution match has increased 16%. One of the considerations we

continue to weigh each budget year is the agency pension match and if it is as affordable from the standpoint of the agency's financial sustainability. We have already decreased the amount of match Intermountain contributes. The match is now so low that the next step would be not offering a match at all. Benefits such as this are critical in our ability to attract, compete for and retain top level direct care staff in an environment where it is already difficult to recruit and retain quality people.

- **Uncontrollable rise in cost to do business.** Since Fiscal Year 2010 our organization has experienced:

- 8% increase in Payroll Taxes
- 33% increase in Unemployment Taxes
- 20% increase in Workman's Compensation Insurance
- 24% increase in Electricity
- 26% increase in Natural Gas
- 35% increase in Telephone Services
- 14% increase in Water/Sewer
- 6% increase in Auto Insurance
- 47% increase General Liability Insurance
- 6 % increase in Food and Gas for Vehicles

It is incredibly difficult to continue to keep the doors open when dealing with such large increases and no relief in sight for rates.

- **Shift our payer mix to less Medicaid clients and more insurance and private payers.** In many of our services, Intermountain has had to serve less and less Medicaid clients in order to keep our doors open and providing services to the limited amount of Medicaid clients we can afford. This is perhaps the most difficult decision Intermountain has had to make, as our whole reason for operating is to serve this most vulnerable and needy populations. But in order to keep providing services to a smaller population of these clients, we have had to make this shift. This results in longer waiting lists for services and longer timeframes for clients to receive their initial appointment. It is not uncommon for Medicaid clients to have to wait 2-3 months to have their first initial appointment. Due to the needs of the Medicaid population we serve, what ends up happening when a provider like Intermountain has to defer and push out appointments for new Medicaid clients, they tend to continue to decompensate to the point that they then need acute care, which is far more costly to the state, than if we could have afforded to serve them in the outpatient community setting in the first place.
- **Reduce or close programs and services.** Intermountain and other providers have seen a reduction of staff, closure of programs or services as we can't make it work with the current rates. Intermountain recently closed our shelter program in Kalispell because the shelter rate is so low that you only receive 50% of what it costs to provide the service and there just isn't anyway to raise enough private dollars to continue to subsidize that rate.
- **Deferring any Information Technology expenses.** Eventually this will not be sustainable. In addition, we have a 2014 deadline where we are mandated to have enhanced electronic technology in place according to HIPAA. It will be impossible for many providers to meet this requirement.

- **Reduce Supervision of Licensed Mental Health Professionals.** Intermountain has had to cut back on administrative and supervision activities of clinicians in order to increase their client caseload and increase production. This is detrimental and myopic to staff development and impacts quality of care.
- **Reduce Public Relations and Marketing.** This in turn decreases our ability to attract Intermountain supporters and impacts fundraising efforts.
- **Cut training and travel.** Doing this impedes staff knowledge of the latest trends and treatment advances and impacts the quality of care we can provide. This is also one of the things that help us retain staff.

With the lack of adequate rates coupled with the increase in expenses, we are at a point where there really isn't anymore "give" in the annual budgets. Compounding this are external pressures such as Medicaid audits (with a threat of paybacks always looming) and regulation increases/restrictions of our licensing without any funding support for the expense of administering the additional requirements, and expense increases of serving clients with quality staff.

Organizations like mine serve the most at risk children and families in your communities. If we don't provide our mental health services:

- **The communities you live in will not be stable.** There will be a rise in crime, child abuse and neglect, death of children, and suicide. It will happen in your community to your constituents, neighbors, schools, and family.
- **The State of Montana will pay for them in other budgets:** Corrections, Education, Medicaid Medical such as emergency room cost.

It is very difficult to understand why this continues to be the case when we have such a large overage of funds in our State's budget end balance. I am certain you would never consider paying the contractor that builds your highways and bridges 75% of what it costs for them to do the job. We'd end up with bridges and highways that weren't safe. Why is it okay to do this with the contractors who are serving and attempting to heal the most at risk children and families in our state and keep your communities safe? This is especially mind boggling when not serving these people will end up costing millions of dollars more to the taxpayers of Montana.

We respectfully implore you to support HB12. Impacts can be felt not just by clients served, but by the communities you represent. Thank you.

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